

ATTACHMENT 3

DESCRIPTION OF OPTIONS AND ASSUMPTIONS FOR RESOURCE ESTIMATE

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Base Case. To estimate resources for the various options, the Working Group first defined the Base Case. The Working Group began with the resource numbers in the NRC FY 2001 budget in the Materials Arena. In its Base Case the Working Group did not include resources for activities that would not be subject to regulation by Agreement States (fuel cycle activities and support for spent nuclear fuel). The Working Group then added resources for low-level waste, decommissioning, and uranium recovery activities from the Waste Arena because those activities are subject to regulation by Agreement States. The Base Case also includes resources to maintain the framework for materials regulation (State and Tribal Programs, legal advice and support, research, enforcement, investigations and event assessment) and the NRC efforts to support the materials program (resources providing policy, financial, administrative, information technology infrastructure, personnel support, rent, utilities, building maintenance). The Base Case is estimated to be about \$55 million, including salaries and benefits for 336 FTE.

Independent States Option. The first option compared to the Base Case is the Independent States option. This option assumes that a change in the Atomic Energy Act (AEA) abolishes NRC's materials program for those categories of materials which are currently subject to regulation by agreements with States. The option assumes NRC would maintain its authority over Federal entities, in areas of exclusive Federal jurisdiction and over AEA materials in Guam, Puerto Rico, U. S. Virgin Islands, and the District of Columbia (unless those entities desired to become an Agreement "State" as provided by Section 274 (n)). The Working Group included this as an extreme to bound the options, though the group determined that it probably would not meet the mandatory goal of protecting public health and safety. Resource estimates do not consider the effort necessary to achieve this statutory condition.

The option assumes an NRC licensee population of about 500 licensees, with corresponding reductions in NRC licensing and inspection direct staff and support. Because NRC's oversight of State materials regulatory programs would no longer be required (there would be no Agreement States), and virtually all AEA materials licenses would be turned over to the States, many program elements currently residing at NRC, such as the Office of State and Tribal Programs and the Office of Nuclear Material Safety and Safeguards (NMSS) support of State activities would disappear completely. Additional resource decreases are found in the areas of research, investigations, and rule and guidance development.

Minimum NRC Options. During the course of its evaluations, the Working Group examined a number of options under which the NRC would minimize its activities in materials regulation. All of the options assume that NRC would maintain authority over AEA materials, including a voluntary Agreement State program. NRC would streamline its operations to continue to meet the minimum requirements of the AEA. The Minimal Options assume NRC makes dramatic policy changes in executing its obligations. For example, the AEA requires that the NRC take a leadership role in regulation of AEA materials throughout the U.S., but does not define the level of effort required to meet that statutory obligation.

The Working Group compared two Minimum NRC Options to the Base Case. The first option, the Minimum Support Option, assumes NRC's resources in support of the national program are significantly reduced and efforts are focused on NRC's licensees. As a result, the NRC

licensing and inspection programs do not change, but rule and guidance development are reduced substantially. The general license program is assumed to support follow-up activities for a second round of registrations. The Nuclear Materials Events Database (NMED) and event evaluation support only NRC's licensees, and resources are reduced accordingly. The orphan source and low-level radioactive waste programs are eliminated and State Program activities are limited to interactions with perspective Agreement States, review of Agreement States, and reduced interactions with the Organization of Agreement States (OAS) and the Conference of Radiation Control Program Directors, Inc. (CRCPD).

The second Minimum Option, the Minimum NRC Program Option, assumes reductions in support for elements of NRC's regulatory program not specifically identified in the AEA. Consequently, the NRC's onsite inspection program is eliminated with the exception of those inspection activities associated with NRC's response to licensee incidents. Additionally, the option assumes there is no materials research, guidance development, Integrated Materials Performance Evaluation Program (IMPEP), orphan source program, grants for terminated sites in Agreement States, and no NMED.

Alliance Option. The Alliance option is the option which is most similar to the Base Case. The option is characterized by the collaborative identification, prioritization and development of regulatory products (rules and guidance) necessary for support of the national program. NRC resource changes are characterized by reductions in rulemaking and the development of licensing and inspection guidance. The Working Group considered two options, one with the current number of Agreement States, the other assumes there are 50 Agreement States.

Delegated Program. The Delegated Program assumes the Agreement States program is abolished, leaving the entire materials regulatory program to be run by the NRC. NRC is given authority to delegate licensing and inspection activities to the States, and all States voluntarily enter into such agreements. The Delegated Program is assumed to be similar to the current FDA program for mammography. As with the Independent States option, the resource estimates do not include the efforts to achieve this statutory condition. NRC staff would negotiate the terms of a delegated program with each State and set up a policing function, similar to IMPEP, to assure consistency across the delegations. NRC would also develop licensing and inspection guidance, evaluate licensee events, take enforcement actions and conduct adjudications for all licensees. Because of their specialized nature, uranium recovery activities are assumed to be outside of the delegated program.

In estimating the costs of the delegated program, State FTE are assumed to be the same as NRC FTE to license and inspect an equivalent number of licensees and State salaries were assumed to be about 60 percent of the NRC's costs for salaries and benefits.

Single Regulatory Agency Option. Under the Single Regulatory Agency Option, NRC licensing and inspection resources are assumed to increase fourfold to accommodate the licensees in the former Agreement States. Resources for investigations, enforcement and adjudications also increase proportionately to the licensee increase. Resources do not change for rulemaking and guidance development. Resources for low-level radioactive waste regulation were estimated by summing identified current Agreement State resources in this area. The Agreement States program is eliminated.